

The Nigerian Fiscal Framework - 2024

There are four bills altogether known as the Economic Stabilization Bills approved by the Federal Executive Council (FEC) on 24th September, 2024 and presented by Nigerian President, Bola Ahmed Tinubu, GCFR, to the National Assembly.

1. Nigeria Revenue Service (Establishment) Bill
2. Joint Revenue Board of Nigeria (Establishment) Bill
3. Nigeria Tax Administration Bill
4. Nigeria Tax Bill

The First: Nigeria Revenue Service Bill

This replaces the FIRS Establishment Act.
What do I find:

1. The NRS (ex-FIRS) can now assist States, LG or other governments collect their taxes, if they both agree.
2. Tax administration is now a stand-alone Bill on its own.

Second: Joint Revenue Board of Nigeria (Establishment) Bill

What do I find:

1. JTB is now to be known as the JRB. They are to maintain and integrate database of every taxable person in collaboration with NRS, SIRS, LGRC & other government entities.
2. There is a Tax Tribunal which is the same as the TAT that we have before.
3. There is now a Tax Ombudsman to act as an independent arbiter between taxpayers and the Revenue Authorities.

Third: Nigeria Tax Administration Bill.

What do I find:

1. Registration: All MDAs must have Tax ID and Non-Resident too. The Bill seems to be big on Tax ID.
2. Upstream oil companies shall file both estimated tax returns & actual tax returns.
3. There is now a VAT Fiscalization System. It is an electronic system to record and report all supplies.

4. Pioneer companies now to be called Priority Companies. That is, companies that are eligible for tax incentives.
5. Taxpayers have to now disclose their tax planning measures.
6. Tax assessment can now be e-mailed to taxpayers.
7. Upstream Oil & Gas companies are to pay their taxes on monthly instalments. They do not have to wait till the end of their accounting period. Interesting.
8. Tax refund now dated only 90 days, as before to get your money back. However, VAT is only 30 days.
9. If you assist tax authorities in generating tax revenue, you are entitled to a reward.
10. President and Governor must remit taxes on their incomes except on their emoluments. The president now has the power to change tax laws with just an Executive Order. Hmmm.
11. The Accountant General now has power to deduct MDAs monies at source after Warrant to NRS.
12. VAT distribution now is 10% FG, 55% State & 35% LG provided the share of the State & LG will be shared on 60% derivation. Lagos & Rivers to enjoy more from VAT
13. Tax refund to be deducted by AG before remitting balance to the Federation Account. Interesting.
14. The Bill also covers how SIRS should be established.
15. There is still a body to be called the State Joint Revenue Committee. The question however is, how does this reconcile with the LG autonomy ruling by the Supreme Court?
16. Interesting penalties list.

Fourth: **Nigeria Tax Bill**

This is the most interesting of the 4 Bills. It repeals at least 11 Tax Laws. It is now a comprehensive Bill that covers all the tax laws in Nigeria.

It is a complete overhaul of our tax system. It is trying to create a unified legislation.

There is now a presumptive tax regime for individuals too.

Eligible deductions now expanded. Interest on mortgage loans now an eligible deduction in addition to NHIS, NHF, Pension etc.

No more 20% of Total Income or N200,000 as part of CRA. It is now only applicable on rent paid by employer. It is now to be called Rent Relief

CIT is now 0% for Small coys

CIT for others is as follows:

27.5% in 2025

30% from 2026.

Effective tax rate of 15% applicable to Multi National Enterprises or N20B Turnover companies. So, no matter what, you have to pay 15%.

For individual Tax Rates or Band: See below

First N800, 000 @ 0%

Next N2, 200,000 @ 15%

Next N9, 000,000 @ 18%

Next N13, 000,00 @ 21%

Next N25,000,000 @ 23%

Next N50,000,000 @ 25%

There is now a Development Levy: This is payable as follows:

4% 2025 & 2026,

3% 2027- 2029

2% from 2030.

Dev Levy is to replace and phase out TETFUND, NITDA, NASENI.

Only Student Loan Fund to remain to get 100% of the levy from 2030.

Oil & Gas companies exempted from payment of Dev Levy.